



**Office of Health Plan Administration**

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March 17, 2009

**AGENDA ITEM 6a**

**TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE**

- I. SUBJECT:** Approval to Release Phase 2 and Update on Phase 1 of the Health Maintenance Organization Request for Proposal
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Staff recommends the Committee approve the issuance of the Network Model Health Maintenance Organization (HMO) Request for Proposal (RFP) – Phase 2 for April 2009.

**IV. BACKGROUND:**

The Health Benefits Committee (HBC) approved the January 30, 2009, release date for Phase 1 of the HMO RFP on January 22, 2009. Phase 1 of the HMO RFP was posted on the CalPERS website and a press release went out on January 30, 2009. The purpose of this item is to receive approval from the Board to release Phase 2 of the HMO RFP for April 2009.

**V. ANALYSIS:**

With Board approval, Phase 2 of the HMO RFP will be released in April 2009. A proposed timeline for Phase 2 of the RFP process is provided in Attachment 1.

Objective – Phase 2

The objective of Phase 2 is to determine which HMO Plan(s) can provide the best solution to meet strategic CalPERS goals. These goals include:

- Expanding HMO coverage
- Availability of high efficiency provider networks
- Innovative cost management strategies
- Effective utilization management, case management, wellness and disease management, and pharmacy programs
- Innovative quality of care strategies

- Ability to enter into an aggressive risk sharing arrangement
- Commitment to exceptional performance

These goals can be met via a single Statewide HMO Plan, Multiple Regional HMO Plans, or some combination thereof.

#### Phase 1 – Update

Five Health Plans submitted letters of intent in response to Phase 1 of the RFP, they are:

1. Aetna Life Insurance (statewide and regional)
2. Anthem Blue Cross (statewide and regional)
3. Blue Shield of California (statewide and regional)
4. Health Net of California (statewide and regional)
5. SCAN Health Plan (regional)

A total of 33 questions have been submitted by potential bidders in relation to Phase 1 of the HMO RFP. CalPERS written responses to bidder questions were posted on the CalPERS website on February 27, 2009.

#### **VI. STRATEGIC PLAN:**

This directly relates to Strategic Plan Goal X which states: Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.

#### **VII. RESULTS/COSTS:**

The HMO RFP will allow CalPERS to develop quality, cost effective HMO plans for our members and assess the viability of expanding the HMO coverage area.

Staff is available to respond to any questions.

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Office of Health Plan Administration

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Attachment